OFFICE OF THE
AUDITOR GENERAL
MANITOBA

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March 2010

# Follow-up of Previously Issued Recommendations

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- government accountability information;
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- the operational performance of government.

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March 2010

The Honourable George Hickes
Speaker of the House
Room 244, Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Sir:

I have the honour to transmit herewith my report titled, *Follow-up of Previously Issued Recommendations*, to be laid before Members of the Legislative Assembly in accordance with the provisions of Section 28 of The Auditor General Act.

Respectfully submitted,

**Original document signed by:**
**Carol Bellringer**

Carol Bellringer, FCA, MBA
Auditor General

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# Table of Contents

Overview by the Auditor General ..... 1

Our Follow-up Process

1.0 Our Follow-up Process ..... 5

Summary of Follow-up Reviews

2.0 Summary of Follow-up Reviews ..... 9

Aboriginal and Northern Affairs

3.0 Northern Manitoba Community Councils' Financial Reporting Standards ..... 13

Advanced Education and Literacy

4.0 University of Winnipeg - Investment in Information Technology ..... 17

5.0 University of Winnipeg - Investigation of Missing Artifacts at the Anthropology Museum of the University of Winnipeg ..... 18

6.0 University of Winnipeg - Financial Review ..... 20

7.0 Department of Advanced Education - Student Financial Assistance Program ..... 21

8.0 Assiniboine Community College - Investment in Information Technology ..... 23

9.0 Keewatin Community College - Investment in Information Technology ..... 24

10.0 Red River College of Applied Arts, Science and Technology IT Audit ..... 26

Conservation

11.0 Sustainable Development Innovations Fund ..... 31

12.0 Investigation of Hecla Island Land and Property Transactions ..... 32

Family Services and Consumer Affairs

13.0 Department of Family Services – Child, Family and Community Development Branch – Agency Accountability ..... 37

14.0 Investigation of Hydra House Ltd. ..... 39

15.0 Family Services and Housing – Child Protection and Support Services ..... 41

Health

16.0 Audit of the Pharmacare Program, Manitoba Health ..... 45

Housing and Community Development

17.0 Department of Family Services and Housing - Public Housing Program ..... 53

18.0 Lions Club of Winnipeg Housing Centres ..... 57

19.0 Investigation of the Maintenance Branch of the Manitoba Housing Authority ..... 58

20.0 Aiyawin Corporation: The Consequences of Mismanagement in a Shared Responsibility Framework ..... 61

Web Version

Infrastructure and Transportation

21.0 Department of Transportation and Government Services - Planning for Highway Construction, Rehabilitation and Maintenance ..... 65

Innovation, Energy and Mines

22.0 Information Technology Organization ..... 69

23.0 Computer Security Incident Response Capability ..... 71

Justice

24.0 Department of Justice - Maintenance Enforcement Program ..... 75

25.0 Department of Justice - The Fine Option Program ..... 77

Labour and Immigration

26.0 Review of the Workers Compensation Board ..... 81

Local Government

27.0 Investigation of the Rural Municipality of St. Clements ..... 97

28.0 Review of Municipal Financial Accounting and Reporting Standards in Manitoba ..... 98

Water Stewardship

29.0 The Protection of Well Water Quality in Manitoba ..... 103

Web Version

# Overview by the Auditor General

This report represents the second annual follow-up report issued to the Legislature in this format. As highlighted last year, we decided to continue an annual follow-up process, requesting management for a status update. We conduct a review rather than an audit of this information, providing a moderate rather than a high level of assurance that managements' representations accurately and completely reflect the status. We also noted last year that we would work with the Public Accounts Committee (PAC), Central Government and the organizations we audit to strengthen the follow-up process. We are pleased to report that each of these groups has shown an interest in that same goal. We would like to extend our appreciation to the many individuals who provided us with their cooperation during this follow-up process.

This year's follow-up report reflects status updates for 555 recommendations from 27 reports issued from 1997 to 2006 (last year – 627 recommendations from 33 reports issued from 1997 to 2005). The vast majority of these recommendations, 464 recommendations representing 84% of the total, can be considered cleared with only seven of these reflecting recommendations which management indicated they do not intend to implement. Work continues to implement the remaining 91 recommendations. Last year we reported that there were 66 recommendations in 15 reports that were over five years old and suggested that the PAC may wish to explore these in more detail to thoroughly understand the action planned by these organizations. PAC has not yet discussed our 2009 follow-up report, and unfortunately this situation has not improved, with 61 recommendations in 18 reports that are now over five years old. We would again draw PACs attention to these older reports and urge the Committee to schedule their review of both the 2009 and 2010 follow-up reports.

Carol Bellringer, FCA, MBA
Auditor General

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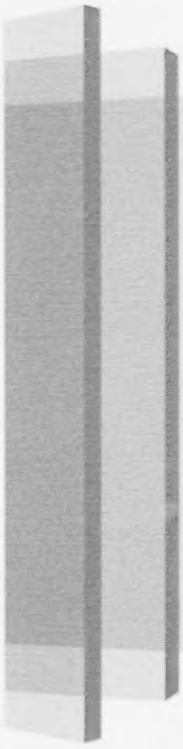


# Our Follow-up Process

Web Version

Return to Table of Contents

# 1.0 Our Follow-up Process

As part of the follow-up process, we ask management to provide us with a progress report on the status of each of the recommendations addressed to them. As well, we request that the progress report include details of the actions taken and planned to address the recommendation. We review managements' comments and perform procedures to ensure progress was fairly stated.

Each of the recommendations in our report has been classified into one of the six following categories to reflect the status as at June 30, 2009:

***Implemented/Resolved***
The recommendation has been implemented as issued or an alternate solution has been implemented that fully addresses the risk identified in the initial recommendation.

***Action No Longer Required***
The recommendation is no longer relevant due to changes in circumstances.

***Do Not Intend to Implement***
Management does not intend to implement our recommendation as issued or fully address the risk identified in our initial recommendation.

***Work In Progress***
Management is in the process of taking steps to implement our recommendation.

***No Progress to Date But Plan to Take Action***
Management has not yet taken steps to implement our recommendation, but does plan to implement our recommendation.

***Follow-up Previously Completed***
Recommendations were followed-up in previous reports and are no longer monitored.

## The Nature of a Review

In a review, we provide a moderate level of assurance by limiting procedures to enquiry, document review and discussion, so that the risk of an inappropriate conclusion is reduced to a moderate level and the evidence obtained enables us to conclude the matter is plausible in the circumstances.

A review is distinguishable from an audit in that it provides a moderate rather than a high level of assurance. In our audits, we provide a high, though not absolute, level of assurance by designing procedures so that the risk of an

Web Version

inappropriate conclusion is reduced to a low level. These procedures include inspection, observation, enquiry, confirmation, analysis and discussion. Use of the term "high level of assurance" refers to the highest reasonable level of assurance auditors provide on a subject. Absolute assurance is not attainable since an audit involves such factors as the use of judgment, the use of testing, the inherent limitations of control and the fact that much of the evidence available to us is persuasive rather than conclusive.

## Review Comments

Our review was made in accordance with Canadian generally accepted standards for review engagements, and accordingly consisted primarily of enquiry, review and discussion of the information supplied by management.

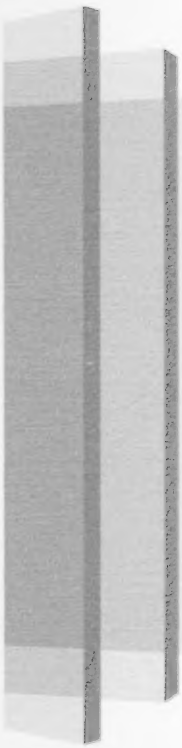
A review does not constitute an audit and consequently we do not express an opinion on these matters.

Based on our review, nothing has come to our attention to cause us to believe that the representations do not present fairly, in all significant respects, the progress made in implementing the recommendations contained in the respective reports.

Web Version



Return to Table of Contents



# Summary of Follow-up Reviews

Web Version

Return to Table of Contents

# 2.0 Summary of Follow-up Reviews

## Summary of Follow-up Reviews

| Reports Followed-up | | Status of Recommendations | | | | | |
|---|---|---|---|---|---|---|---|
| | | | Recommendations Considered Cleared | | | | |
| Date Issued | Audit Report | Total Recommendations | Implemented/ Resolved | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed | Work in Progress |
| **Aboriginal and Northern Affairs** | | | | | | | |
| Mar. 2004 | 3.0 Northern Manitoba Community Councils' Financial Reporting Standards | 4 | | | | 1 | 3 |
| **Advanced Education and Literacy** | | | | | | | |
| Jun. 2000 | 4.0 University of Winnipeg - Investment in Information Technology | 13 | | | | 10 | 3 |
| Jun. 2002 | 5.0 University of Winnipeg - Investigation of Missing Artifacts at the Anthropology Museum of the University of Winnipeg | 19 | 1 | | | 16 | 2 |
| Mar. 2004 | 6.0 University of Winnipeg - Financial Review | 15 | | | | 14 | 1 |
| Sep. 2002 | 7.0 Department of Advanced Education - Student Financial Assistance Program | 54 | | 1 | | 48 | 5 |
| Dec. 2002 | 8.0 Assiniboine Community College - Investment in Information Technology | 24 | 3 | | | 21 | |
| Feb. 2002 | 9.0 Keewatin Community College - Investment in Information Technology | 29 | | | | 24 | 5 |
| Mar. 2004 | 10.0 Red River College of Applied Arts, Science and Technology IT Audit | 19 | 5 | | | 13 | 1 |
| **Conservation** | | | | | | | |
| Spring 1998 | 11.0 Sustainable Development Innovations Fund | 11 | 1 | | | 10 | |
| Aug. 2003 | 12.0 Investigation of Hecla Island Land and Property Transactions | 30 | 1 | | | 25 | 4 |
| **Family Services and Consumer Affairs** | | | | | | | |
| Summer 1999 | 13.0 Department of Family Services - Child, Family and Community Development Branch - Agency Accountability | 6 | 4 | | | 1 | 1 |
| Jun. 2004 | 14.0 Investigation of Hydra House Ltd. | 20 | 3 | | | 17 | |
| Mar. 2004 | 15.0 Family Services and Housing - Child Protection and Support Services | 12 | 6 | | | 3 | 3 |
| **Health** | | | | | | | |
| Apr. 2006 | 16.0 Audit of the Pharmacare Program, Manitoba Health | 23 | 11 | | 4 | | 8 |
| **Housing and Community Development** | | | | | | | |
| Dec. 2002 | 17.0 Department of Family Services and Housing - Public Housing Program | 40 | 10 | | 1 | 22 | 7 |
| Mar. 2001 | 18.0 Lions Club of Winnipeg Housing Centres | 41 | | | 1 | 40 | |
| Nov. 2004 | 19.0 Investigation of the Maintenance Branch of the Manitoba Housing Authority | 21 | 2 | 2 | | 10 | 7 |
| Mar. 2006 | 20.0 Aiyawin Corporation: The Consequences of Mismanagement in a Shared Responsibility Framework | 5 | 5 | | | | |
| **Infrastructure and Transportation** | | | | | | | |
| Spring 1998 | 21.0 Department of Transportation and Government Services - Planning for Highway Construction, Rehabilitation and Maintenance | 3 | | | | | 3 |

Return to Table of Contents

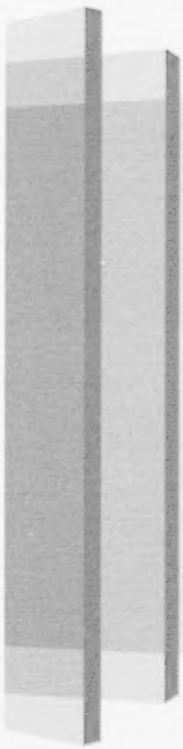
Web Version

Web Version



## Summary of Follow-up Reviews

| Reports Followed-up | | Status of Recommendations | | | | | |
|---|---|---|---|---|---|---|---|
| | | | Recommendations Considered Cleared | | | | |
| Date Issued | Audit Report | Total Recommendations | Implemented/ Resolved | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed | Work in Progress |
| **Innovation, Energy and Mines** | | | | | | | |
| Mar. 2004 | 22.0 Information Technology Organization | 5 | 1 | | | 3 | 1 |
| Mar. 2004 | 23.0 Computer Security Incident Response Capability | 7 | | | | 2 | 5 |
| **Justice** | | | | | | | |
| Autumn 1997 | 24.0 Department of Justice - Maintenance Enforcement Program | 18 | | | | 10 | 8 |
| Mar. 2001 | 25.0 Department of Justice - The Fine Option Program | 7 | 1 | | | 6 | |
| **Labour and Immigration** | | | | | | | |
| Jan. 2006 | 26.0 Review of the Workers Compensation Board | 75 | 55 | 19 | 1 | | |
| **Local Government** | | | | | | | |
| Sep. 2002 | 27.0 Investigation of the Rural Municipality of St. Clements | 12 | 2 | | | 9 | 1 |
| Sep. 2002 | 28.0 Review of Municipal Financial Accounting and Reporting Standards in Manitoba | 1 | | | | | 1 |
| **Water Stewardship** | | | | | | | |
| Nov. 2005 | 29.0 The Protection of Well Water Quality in Manitoba | 41 | 6 | | | 13 | 22 |
| | **Total Follow-up Reviews** | **555** | **117** | **22** | **7** | **318** | **91** |



# Aboriginal and Northern Affairs

Web Version

Return to Table of Contents

# 3.0 Northern Manitoba Community Councils' Financial Reporting Standards

**Original issue date - March 2004**
**First follow-up issued - March 2009**

## Overall Status of Our Recommendations

The March 2004 audit report included four recommendations that focused on accounting and financial reporting issues identified during the audit. In our last follow-up, we reported that three recommendations remained in progress.

As of June 30, 2009, the Department of Aboriginal and Northern Affairs indicated that they anticipate implementing the remaining recommendations for the March 31, 2010 fiscal year end. We would encourage the Department to do so.

| Status of Recommendations | | | | | | |
|---|---|---|---|---|---|---|
| Total | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| 4 | | 3 | | | | 1 |

## Representations from the Department of Aboriginal and Northern Affairs

| | |
|---|---|
| 1 | We recommend that the Department adopt Public Sector Accounting Standards for Local Governments as its financial reporting standards for Northern Community Councils.<br>***Status: Work In Progress*** |
| 2 | We recommend that the Department prepare a model set of financial statements using the Public Sector Accounting Standards for Local Governments. Those model financial statements could then be provided to Community Councils as a guide in the preparation of their financial statements.<br>***Status: Work In Progress*** |
| 4 | We recommend that the Department develop an appropriate set of guidelines for responding to Communities receiving auditors' reports with a qualified opinion or denial of opinion or which miss reporting deadlines.<br>***Status: Work In Progress*** |

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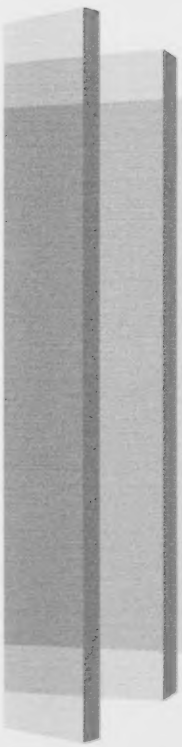

# Advanced Education and Literacy

Web Version

Return to Table of Contents

# 4.0 University of Winnipeg - Investment in Information Technology

**Original issue date - June 2000**
**First follow-up issued - March 2009**

## Overall Status of Our Recommendations

Our original report included 13 recommendations. As of our last follow-up report, three recommendations remained in progress.

In its June 30, 2009 progress report, the University stated that the three outstanding recommendations are still in progress.

Given the amount of time that has passed since the issuance of our original report, we would encourage management to accelerate the resolution of the remaining recommendations.

| Status of Recommendations | | | | | | |
|---|---|---|---|---|---|---|
| Total | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| 13 | | 3 | | | | 10 |

## Representations from the University of Winnipeg

| | |
|---|---|
| 2b | That TSC and senior management develop and implement an action plan to deal with the backlog of changes desired to the Financial Information System in a timely fashion.<br>***Status: Work in Progress*** |
| 6 | That senior management define the services and expected service levels to be provided by TSC, and that TSC management communicate these service levels to users.<br>***Status: Work in Progress*** |
| 7 | That management monitor the service levels achieved against the published service levels.<br>***Status: Work in Progress*** |

Web Version

# 5.0 University of Winnipeg - Investigation of Missing Artifacts at the Anthropology Museum of the University of Winnipeg

**Original issue date - June 2002**
**First follow-up issued - March 2009**

## Overall Status of Our Recommendations

Our original report included 19 recommendations. Our last follow-up reported that 16 of the 19 recommendations were implemented/resolved.

In its June 30, 2009 progress report, the University stated that one additional recommendation has been implemented and the remaining two recommendations are in progress.

Significant progress has been made to address our recommendations. However, given the amount of time that has passed since the issuance of the original report, we encourage management to implement the remaining recommendations.

| Status of Recommendations | | | | | | |
|---|---|---|---|---|---|---|
| Total | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| 19 | 1 | 2 | | | | 16 |

## Representations from the University of Winnipeg

| | |
|---|---|
| 4 | That all artifacts received by the Department be promptly entered into the catalogue record. Similarly, if artifacts are deaccessioned or otherwise permanently removed from the collection, the catalogue record should be updated promptly.<br>***Status: Work in Progress*** |
| 7 | That the artifact catalogue be verified to the actual artifacts on hand on an annual basis. The count should be monitored by someone independent of the Department, such as the University's internal auditor. All missing artifacts should be noted and reported to the Dean of Social Science for follow-up action.<br>***Status: Work in Progress*** |

Web Version

| Representations from the University of Winnipeg | |
|---|---|
| 8 | That all artifacts in the ethnological collection be photographed to aid in identifying artifacts in case of theft or other loss.<br>***Status: Implemented/Resolved*** |

Web Version

# 6.0 University of Winnipeg - Financial Review

**Original issue date - March 2004**
**First follow-up issued - March 2009**

## Overall Status of Our Recommendations

The original report contained 15 recommendations, 14 of which were addressed to the University of Winnipeg, and one of which was addressed to the Council on Post-Secondary Education (COPSE). As of our last follow-up, the one recommendation to COPSE remained in progress.

As of June 30, 2009, the outstanding recommendation to COPSE about ensuring that the University operates within a balanced budget remains in progress. For fiscal year 2009, the University reported a surplus before extraordinary items. We are pleased to see that COPSE and the University are working diligently to ensure that the University operates under a balanced budget. However, this recommendation will only be considered implemented once the University sustains a surplus for two consecutive years.

| Status of Recommendations | | | | | | | |
|---|---|---|---|---|---|---|---|
| Total | | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| University | 14 | | | | | | 14 |
| COPSE | 1 | | 1 | | | | |
| **Total** | **15** | | **1** | | | | **14** |

## Representations from the Council on Post-Secondary Education

| | |
|---|---|
| 1 | That COPSE ensure that the University of Winnipeg is operating under a balanced budget and should ensure that communication around funding and budget approval are formalized.<br>***Status: Work in Progress*** |

Web Version

# 7.0 Department of Advanced Education - Student Financial Assistance Program

**Original issue date - September 2002**
**First follow-up issued - March 2009**

## Overall Status of Our Recommendations

Our original report contained 54 recommendations. As of our last follow-up, the Department had six recommendations that were in progress.

In its June 30, 2009 progress report, the Department reports that one recommendation no longer requires action and five recommendations remain in progress.

While significant progress has been made to address our recommendations, there are still a few significant recommendations outstanding. Given the amount of time that has passed since the issuance of the original report, we would encourage the Department to accelerate resolution of the remaining recommendations.

| Status of Recommendations | | | | | | |
|---|---|---|---|---|---|---|
| Total | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| 54 | | 5 | | 1 | | 48 |

## Representations from the Department of Advanced Education and Literacy

| | |
|---|---|
| 1 | We recommend, for students who have taken previous post-secondary studies, that the Program obtain the student's most recent academic transcript as part of the application process:<br>• To confirm satisfactory past academic performance; and<br>• As discussed in section 1.3.4.2, to help detect over awards from course-load decreases and withdrawals.<br>***Status: Work in Progress*** |
| 8 | That the Program investigate the costs and benefits of establishing electronic data links with Canada Customs and Revenue Agency to verify income earned.<br>***Status: Work in Progress*** |

Web Version

| Representations from the Department of Advanced Education and Literacy | |
|---|---|
| 18 | That a delegation of authority document be prepared regarding the approval of discretionary awards by the Employment and Training Services Branch and be approved by Department management, but that this delegation exclude high risk discretionary awards.<br><br>***Status: Action No Longer Required***<br><br>*The Employment and Training Services Branch no longer approves discretionary awards. All discretionary awards are now approved by Manitoba Student Aid.* |
| 19 | That the Program engage Manitoba public universities and colleges in seeking better coordination and information sharing processes regarding scholarships/bursaries. Such processes could include electronic data links.<br><br>***Status: Work in Progress*** |
| 25 | That the Program conduct quality assurance reviews on the application assessment process. Policies and procedures should be developed to ensure an effective quality assurance review process is in place and include the expectation that application files be selected for review on a random basis and on the basis of risk.<br><br>***Status: Work in Progress*** |
| 37 | That the Program collect historical data in order to establish appropriate benchmarks for the program's collection activity.<br><br>***Status: Work in Progress*** |

Web Version

# 8.0 Assiniboine Community College - Investment in Information Technology

**Original issue date - December 2002**
**First follow-up issued - March 2009**

## Overall Status of Our Recommendations

Our original report contained a total of 24 recommendations. Three of the 24 recommendations remained in progress as of our last follow-up report.

We are pleased that all of the recommendations in our 2002 report have now been resolved.

| Status of Recommendations | | | | | | |
|---|---|---|---|---|---|---|
| Total | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| 24 | 3 | | | | | 21 |

| Representations from Assiniboine Community College | |
|---|---|
| 6 | That the senior management define the expected service levels to be provided by the CIS Department and communicate these service levels to users.<br>***Status: Implemented/Resolved*** |
| 7 | That Management monitor the actual service levels achieved.<br>***Status: Implemented/Resolved*** |
| 10 | That policies and procedures for operating the IT Inventory System be developed.<br>***Status: Implemented/Resolved*** |

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# 9.0 Keewatin Community College - Investment in Information Technology

**Original issue date - February 2002**
**First follow-up issued - July 2005**
**Second follow-up issued - March 2009**

## Overall Status of Our Recommendations

Our original report contained 29 recommendations to the University College of the North (UCN, formerly known as Keewatin Community College). As of our last follow-up report, five recommendations were in progress.

UCN reports that as at June 30, 2009, all five remaining recommendations are still in progress.

Given the amount of time that has passed since the issuance of the original report, we continue to encourage management to accelerate resolution of the remaining recommendations.

| Status of Recommendations | | | | | | |
|---|---|---|---|---|---|---|
| Total | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| 29 | | 5 | | | | 24 |

| Representations from University College of the North | |
|---|---|
| 5 | That management monitor the actual service levels achieved.<br>***Status: Work in Progress*** |
| 7 | That the IT Department establish and document minimum standards and procedures for operating and supporting the technological infrastructure.<br>***Status: Work in Progress*** |
| 10 | That the IT Department develop help desk service guidelines and identify, track and report outcome-oriented performance measures for its help desk.<br>***Status: Work in Progress*** |
| 12 | That management conduct a detailed evaluation of its distance education program.<br>***Status: Work in Progress*** |

Web Version



Return to Table of Contents

| Representations from University College of the North | |
|---|---|
| 26 | That the College better segregate its internal network from publicly accessible servers.<br>***Status: Work in Progress*** |

Web Version

# 10.0 Red River College of Applied Arts, Science and Technology IT Audit

**Original issue date - March 2004**
**First follow-up issued - March 2009**

## Overall Status of Our Recommendations

Our original report contained a total of 19 recommendations. As of our last follow-up report, six recommendations remained in progress.

The College reported as at June 30, 2009, five recommendations were now implemented and only one recommendation remained in progress.

| Status of Recommendations | | | | | | |
|---|---|---|---|---|---|---|
| Total | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| 19 | 5 | 1 | | | | 13 |

## Representations from Red River College of Applied Arts, Science and Technology

| | |
|---|---|
| 3 | We recommend that the College develop performance measures to assess progress towards achieving the IT Objective #6 (integrate Information Technology in the delivery, operation, and management of all College programs and services) set out in their strategic plan.<br><br>***Status: Implemented/Resolved***<br><br>*The College has made process changes that help ensure that information technology is integrated in the delivery, operation, and management of all College programs and services; however formal performance measures are not used.* |
| 4 | We recommend that management define the expected service levels to be provided by the CS Department, communicate these service levels to users, and then monitor their achievement of these service levels through the use of outcome oriented performance measures.<br><br>***Status: Implemented/Resolved*** |

Web Version



Return to Table of Contents

| Representations from Red River College of Applied Arts, Science and Technology | |
|---|---|
| 7 | We recommend that the College conduct a more detailed assessment of the IT training needs of staff in order to ensure that the appropriate level and type of training is available to users.<br><br>***Status: Implemented/Resolved*** |
| 14 | We recommend that the Disaster Recovery Plan and Emergency Procedures be updated based on the results of a comprehensive threat and risk assessment and that a copy of the plan be stored off campus.<br><br>***Status: Work in Progress*** |
| 18 | We recommend that the College monitor activity logs to identify inappropriate network access attempts and internet usage. The College should also consider using logon banners to inform system users of monitoring policies and practices.<br><br>***Status: Implemented/Resolved*** |
| 19 | We recommend that the College better segregate its internal network from publicly accessible servers.<br><br>***Status: Implemented/Resolved*** |

Web Version

# Conservation

Web Version

Return to Table of Contents

# 11.0 Sustainable Development Innovations Fund

**Original issue date - Spring 1998**
**First follow-up issued - July 2005**
**Second follow-up issued - March 2009**

## Overall Status of Our Recommendations

Our original report included 11 recommendations, one of which remained in progress as at our last follow-up report.

The Department of Conservation has reported, as of June 30, 2009, that the final recommendation is now implemented.

| Status of Recommendations | | | | | | |
|---|---|---|---|---|---|---|
| Total | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| 11 | 1 | | | | | 10 |

## Representations from the Department of Conservation

| | |
|---|---|
| 2 | That Fund management develops annual objectives for each key performance area and that these objectives be results-oriented and measurable.<br>***Status: Implemented/Resolved*** |

Web Version

# 12.0 Investigation of Hecla Island Land and Property Transactions

**Original issue date - August 2003**
**First follow-up issued - March 2009**

## Overall Status of Our Recommendations

Our report contained a total of 30 recommendations. As of our last follow-up report, the Department of Conservation reported that five recommendations remained in progress.

As at June 30, 2009, the Department reported that one recommendation had been implemented and four recommendations remained in progress.

While significant progress has been made to address our recommendations, there are still a few significant recommendations outstanding. We continue to encourage the Department to accelerate resolution of the remaining recommendations.

| Status of Recommendations | | | | | | |
|---|---|---|---|---|---|---|
| Total | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| 30 | 1 | 4 | | | | 25 |

## Representations from the Department of Conservation

| | |
|---|---|
| 6 | That pending the result of the Department of Justice's review of the problematic lot and property transactions, and of the Department seeking legal advice as recommended above, that the Department revisit the existing leasing arrangement for the Gull Harbour Marina.<br>***Status: Work in Progress*** |
| 19 | That background and due diligence inquiries to validate the financial information provided by each respondent to a proposal call, including credit worthiness, be completed and documented by the Department.<br>***Status: Work in Progress*** |

Web Version



Return to Table of Contents

| Representations from the Department of Conservation | |
|---|---|
| 23 | That the Department develop formalized policies and procedures to confirm the validity of documentation received which contractually binds the Province with respect to the leasing of lots.<br><br>***Status: Work in Progress*** |
| 25 | That the Department develop formalized policies and procedures to confirm the validity of documentation received which results in the disposal of a Crown asset.<br><br>***Status: Work in Progress*** |
| 29 | That the Department take steps to enforce Section 10(1) of *The Executive Government Organization Act.*<br><br>***Status: Implemented/Resolved*** |

Web Version

# Family Services and Consumer Affairs

Web Version

Return to Table of Contents

# 13.0 Department of Family Services – Child, Family and Community Development Branch – Agency Accountability

**Original issue Date - Summer 1999**
**First follow-up issued - July 2005**
**Second follow-up issued - March 2009**

## Overall Status of Our Recommendations

Our report issued in the summer of 1999 contained a total of six recommendations. As of our last follow-up report, five of the six recommendations remained outstanding.

The Department of Family Services and Consumer Affairs is reporting that as at June 30, 2009 four recommendations have been implemented/resolved and one remains in progress.

| Status of Recommendations | | | | | | |
|---|---|---|---|---|---|---|
| Total | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| 6 | 4 | 1 | | | | 1 |

| Representations from the Department of Family Services and Consumer Affairs | |
|---|---|
| 1 | That Branch management negotiate, within a reasonable time period, service purchase agreements with all remaining agencies, and that an implementation plan be developed.<br>***Status: Implemented/Resolved*** |
| 2 | That Branch management conduct, on at least a bi-annual basis, detailed comparative analyses of agency expenditures against the approved funding models. When these analyses indicate significant variances, the Branch should determine whether funds are being appropriately spent on approved programs or update the input elements of its funding models to reflect the significant or permanent changes to agency circumstances.<br>***Status: Implemented/Resolved*** |

Web Version

| Representations from the Department of Family Services and Consumer Affairs | |
|---|---|
| 4 | That Branch management ensure an appropriate degree of analytical effort is conducted for various levels of financial commitment and amend its policies and procedures, including documentation requirements, accordingly.<br><br>***Status: Implemented/Resolved*** |
| 5 | That Branch management initiate timely actions to obtain the information it needs from agencies which have not complied with their reporting obligations.<br><br>***Status: Work in Progress*** |
| 6 | That Branch management expand the nature of information provided to the Legislative Assembly to include, as it becomes available, information on the planned and actual performance of the Branch.<br><br>***Status: Implemented/Resolved*** |

web version

# 14.0 Investigation of Hydra House Ltd.

**Original issue date - June 2004**
**First follow-up issued - March 2009**

## Overall Status of Our Recommendations

Our report contained a total of 20 recommendations. As of our last follow-up report, three recommendations addressed to the Department of Family Services and Consumer Affairs remained outstanding.

The Department is reporting that as at June 30, 2009 all three of the remaining recommendations have been implemented/resolved.

| Status of Recommendations | | | | | | | |
|---|---|---|---|---|---|---|---|
| Total | | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| Hydra House Ltd. | 9 | | | | | | 9 |
| WRHA | 1 | | | | | | 1 |
| Department | 10 | 3 | | | | | 7 |
| Total | 20 | 3 | | | | | 17 |

## Representations from the Department of Family Services and Consumer Affairs

| | |
|---|---|
| 6 | That the Department update its financial accountability requirements for both not-for-profit and for-profit external service providers, ensuring that all funded external service providers are equitably funded and monitored.<br><br>***Status: Implemented/Resolved*** |
| 9 | That CPSS and the ASB develop appropriate funding models which can be used as an effective funding tool and measurement tool for evaluating actual external service provider performance. Formal policies should be in place to ensure that detailed reviews of the funding models are done at least every two to three years to determine that cost components are still realistic.<br><br>***Status: Implemented/Resolved***<br><br>*The Department indicated that they would review the funding models every five years as opposed to every two or three years.* |

Web Version

| Representations from the Department of Family Services and Consumer Affairs | |
|---|---|
| 10 | That CPSS and ASB establish a benchmark as to the acceptable level of administration and central support costs that an external service provider should incur and allocate to funded programs. This could also involve the development of guidelines on travel, meals, and entertainment expenses, etc.<br><br>***Status: Implemented/Resolved*** |

Web Version

# 15.0 Family Services and Housing – Child Protection and Support Services

**Original issue date - March 2004**
**First follow-up issued - March 2009**

## Overall Status of Our Recommendations

Our report contained a total of 12 recommendations. As of our last follow-up report, nine recommendations remained outstanding.

In its June 30, 2009 progress report, the Department of Family Services and Consumer Affairs reports that six recommendations have now been implemented/ resolved and three recommendations remain in progress.

We encourage the Department to implement the three remaining recommendations.

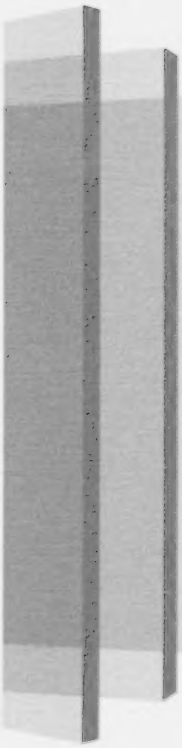
| Status of Recommendations | | | | | | |
|---|---|---|---|---|---|---|
| Total | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| 12 | 6 | 3 | | | | 3 |

| Representations from the Department of Family Services and Consumer Affairs | |
|---|---|
| 2 | That the Department amend the policies in respect of funding decisions to include a review of the most recent audited financial statements of CCTCs, and that consideration be given to incorporating an analysis of the quality of service. Further, we recommend that the Department reassess the usefulness of the funding models and, if these are determined to be useful, that appropriate processes be put in place to ensure that current models are in place and used effectively.<br>***Status: Implemented/Resolved*** |
| 3 | That the Department establish and document procedures to ensure that the CCTC grant recipients are continuing to meet their program objectives.<br>***Status: Implemented/Resolved*** |
| 4 | That the Department fully document funding decisions for grants to CCTCs.<br>***Status: Implemented/Resolved*** |

Web Version

| Representations from the Department of Family Services and Consumer Affairs | |
|---|---|
| 5 | That the Department obtain signed service purchase agreements from each of the CCTCs as soon as possible. These agreements should clearly communicate the specific expectations, requirements and responsibilities of the grant recipients and of the Department. They should also contain a reference to the powers of the Auditor General to conduct an examination or audit in respect of the public money they receive.<br>***Status: Implemented/Resolved*** |
| 6 | That the Department develop appropriate action plans to respond to CCTCs that regularly miss the deadlines established by the Department for its agency reporting requirements.<br>***Status: Work in Progress*** |
| 7 | That the Department establish and implement a process for taking timely, effective action in response to failures by CCTCs to provide required accountability information.<br>***Status: Work in Progress*** |
| 10 | That the Department implement and document monitoring procedures to ensure the funds provided to the CCTCs are being spent for the purposes intended. When this is fully established, it would be appropriate for the Department to review its own performance reporting on this program with a view to strengthening the accountability information it provides to members of the Legislative Assembly.<br>***Status: Implemented/Resolved*** |
| 11 | That the Department document policies and procedures identifying instances where an evaluation, audit or a review of a CCTC is required.<br>***Status: Implemented/Resolved*** |
| 12 | That the Department establish a cycle for its quality assurance reviews of the CCTC facilities, to ensure each CCTC facility would be reviewed within a reasonable time frame.<br>***Status: Work in Progress*** |

Web Version



# Health

Web Version

Return to Table of Contents

# 16.0 Audit of the Pharmacare Program, Manitoba Health

**Original issue date - April 2006**

## Overall Status of Our Recommendations

Our report from 2006 contained a total of 23 recommendations. Manitoba Health reports that as of June 30, 2009, 11 recommendations have been implemented/ resolved, eight are in progress and that they do not intend to implement four recommendations.

We are pleased to see the efforts to date that have been made in implementing our recommendations.

| Status of Recommendations | | | | | | |
|---|---|---|---|---|---|---|
| Total | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| 23 | 11 | 8 | | | 4 | |

| Representations from the Department of Health | |
|---|---|
| 1 | That a comprehensive plan be developed for the strategic direction/reforms for Pharmacare. The strategic direction for Pharmacare should include:<br>• specific objectives with targets that are measurable;<br>• clear policy goals/objectives in relation to all key aspects or core services;<br>• goals/objectives, policies and procedures that support Pharmacare's key outcomes as well as wider outcomes of relevant legislation, and those of Manitoba Health, and Government.<br>***Status: Work in Progress*** |
| 2 | That the most feasible approach to ensuring that the policy function is adequate for the needs of Pharmacare be identified and implemented.<br>***Status: Implemented/Resolved*** |
| 3 | That Manitoba Health conduct regular reviews of its key goals and principles.<br>***Status: Implemented/Resolved*** |

Web Version

| Representations from the Department of Health | |
|---|---|
| 4 | That a performance measurement system be developed that will provide Manitoba Health with data that relates to how efficiently and effectively Pharmacare is being delivered.<br><br>***Status: Work in Progress*** |
| 5 | That the key aspects of Pharmacare for which to institute performance measurement be identified and a well defined protocol be developed for the collection of performance data and the preparation of performance reports.<br><br>***Status: Work in Progress*** |
| 6 | That an evaluation framework be developed and implemented that will guide the undertaking of periodic evaluations of key aspects of Pharmacare's performance, including taking corrective action when necessary based on evaluation results.<br><br>***Status: Work in Progress*** |
| 7 | That there be follow-up on evaluations with a documented plan that articulates:<br>• where corrective action will be taken, when and how;<br>• which proposals require further consideration, when that will be undertaken and how; and<br>• which proposals are not considered appropriate for implementation and the rationale for not proceeding with them.<br><br>***Status: Work in Progress*** |
| 8 | That a process for identifying the degree of risk associated with non-compliance with each aspect of the legislation, regulations, and policies be developed and a strategy for cyclically monitoring compliance in relation to the level of risk identified by management be implemented.<br><br>***Status: Work in Progress*** |
| 9 | That a standard approved policy and procedures be identified to be used to assess drugs and manage the Formulary.<br><br>***Status: Implemented/Resolved*** |
| 10 | That actual cost-savings achieved be analyzed and, if different than proposed cost-savings result, the inclusion of those drugs in the Formulary be reassessed.<br><br>***Status: Implemented/Resolved*** |

Web Version



Return to Table of Contents

| Representations from the Department of Health | |
|---|---|
| 11 | That periodic reviews of the listed drugs in the Formulary be conducted that would include identifying and removing discontinued drugs that no longer provide the most cost effective and therapeutic value.<br><br>***Status: Do Not Intend to Implement***<br><br>*The Department advised that while considering new drug proposals the Formulary is reviewed and appropriately modified in relation to drugs that are similar to those included in the proposal. However, the Department does not periodically review all drugs listed on the Formulary.* |
| 12 | That the findings and recommendations of those reviews and follow-up be documented to ensure that any action recommended is in fact carried out.<br><br>***Status: Do Not Intend to Implement***<br><br>*As the Formulary as a whole is not periodically reviewed, the findings of such reviews and follow-up are not documented.* |
| 13 | That a fast tracking process be implemented to put the more cost effective drugs onto DPIN quicker than is presently being done.<br><br>***Status: Do Not Intend to Implement***<br><br>*The Department advised that:*<br>• *it has implemented new processes that are achieving greater longer-term savings to the program than would be achieved by simply adding drugs quickly onto the Formulary; and*<br>• *within the framework of these new processes, the department makes every effort to make listing decisions as quickly as possible.* |
| 14 | That pricing strategies be developed and implemented, to achieve more significant savings in the Pharmacare program. Possible strategies include improved controls over markups, industry price changes and increased use of generic drugs.<br><br>***Status: Implemented/Resolved*** |
| 15 | That strategies to control costs on dispensing fees be developed and implemented.<br><br>***Status: Implemented/Resolved*** |

Web Version

| Representations from the Department of Health | |
|---|---|
| 16 | That a process to identify, monitor, analyze, and take corrective action (such as moving certain drugs to Part 2 of the Formulary) be established, for the effect of potential impacts of commercial marketing practices on the cost of Pharmacare.<br><br>***Status: Implemented/Resolved*** |
| 17 | That periodic price tests be performed to assess whether the DPIN system is functioning as prescribed so that prices approved by MDSTC and the Minister, and established in DPIN, are those which are actually paid. Any necessary corrective action should be taken to ensure the appropriate prices are in DPIN.<br><br>***Status: Work in Progress*** |
| 18 | That, as the sole funder of Pharmacare, Manitoba Health ensure that the best health outcomes for Manitobans and the containment of costs for the Pharmacare Program are maximized. In this light, we recommend that a more proactive role in coordinating, with the professional bodies, any communication of guidance to physicians on the most appropriate and economical prescribing of drugs.<br><br>***Status: Implemented/Resolved*** |
| 19 | That consideration be given to requiring all prescriptions to be entered into DPIN in order to ensure that the controls to ensure safe and appropriate prescribing are applied for all prescriptions filled.<br><br>***Status: Implemented/Resolved*** |

Web Version

| Representations from the Department of Health | |
|---|---|
| 20 | That although the DPIN system provides pharmacists with access to information regarding a person's drug history at the time of dispensing, that Manitoba Health analyze the warnings that are generated by DPIN, in order to identify and assess trends of inappropriate prescribing practices, and establish a procedure for communicating those warnings to physicians on a timely basis.<br><br>***Status: Do Not Intend to Implement***<br><br>*The Department advised that:*<br>• *DPIN collects and stores administrative data, but it cannot measure appropriate prescribing or assess trends in prescribing;*<br>• *work is underway on the development of an interoperable Electronic Health Record (EHR), which will provide a lifetime health record for all Manitobans;*<br>• *one of the early deliverables of the EHR will be access to a web-based DPIN viewer by physicians in their offices;*<br>• *the Manitoba Pharmaceutical Association (MPhA) administers the Manitoba Prescribing Practices Program (MPPP) on behalf of Manitoba Health; and*<br>• *MPPP is a collaborative effort on the part of physicians, pharmacists and the department to monitor and control the prescribing and dispensing of restricted drugs.* |
| 21 | That Manitoba Health develop programs in cooperation with the professional bodies for physicians and pharmacists, including the Manitoba College of Physicians and Surgeons and the Manitoba Pharmaceutical Association, in order to:<br>• carry out analysis of existing data to identify indicators of concern; and<br>• carry out reviews to ensure that regulations and professional practice guidelines are met, and when in contravention, Manitoba Health is made aware.<br><br>***Status: Implemented/Resolved*** |

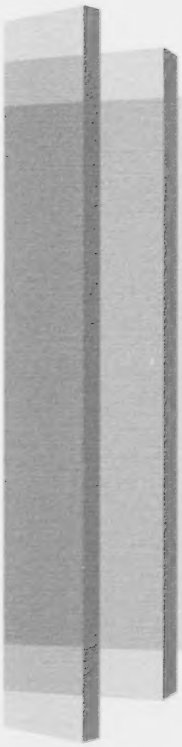
Web Version

| Representations from the Department of Health | |
|---|---|
| 22 | That Manitoba Health ensure that physicians and pharmacists receive real time notification from the DPIN system for cases where:<br>• clients receive inappropriate numbers of prescription drugs (polypharmacy); and<br>• clients receive inappropriate numbers of narcotic and controlled drugs.<br><br>***Status: Work in Progress*** |
| 23 | That Manitoba Health's annual reports provide information on Pharmacare that is consistent with Manitoba Finance's Departmental Annual Reports Instructions; and provide information on Pharmacare that is consistent with the CCAF's Principles of Performance Reporting.<br><br>***Status: Implemented/Resolved*** |

Web Version



Return to Table of Contents



# Housing and Community Development

Web Version

Return to Table of Contents

# 17.0 Department of Family Services and Housing - Public Housing Program

**Original issue date - December 2002**
**First follow-up issued - March 2009**

## Overall Status of Our Recommendations

Our December 2002 report contained 40 recommendations. As of our last follow-up report, 18 recommendations remained outstanding.

As at June 30, 2009, the Department reports that 10 additional recommendations have been implemented/resolved, seven are in progress and they do not intend to implement one recommendation. This recommendation dealt with monitoring performance regarding the length of time to place applicants.

We are pleased with the progress the Department has made towards implementing our recommendations and we encourage management to implement those that remain outstanding.

| Status of Recommendations | | | | | | |
|---|---|---|---|---|---|---|
| Total | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| 40 | 10 | 7 | | | 1 | 22 |

## Representations from the Department of Housing and Community Development

| | |
|---|---|
| 3 | That an appropriately detailed process be developed to rank repairs as to their relative importance and that these rankings be used to allocate available funds.<br><br>***Status: Implemented/Resolved*** |
| 4 | That all needed major repairs be scheduled in the 10 year major repair plans for each project, and that the plan track the deferral of any needed major repairs.<br><br>***Status: Implemented/Resolved*** |

Web Version

| Representations from the Department of Housing and Community Development | |
|---|---|
| 5 | That the Department annually advise Treasury Board of:<br>• The estimated level of expenditures needed for each of the next 10 years to achieve an appropriate balance of housing stock in good and fair condition; and<br>• The major repairs that have been deferred because of limited funding and the project specific risks associated with deferring the major repairs.<br>***Status: Work in Progress*** |
| 6 | That the MHA develop life expectancies for key building elements and that the MHA and the Department work cooperatively to develop a consistent approach for using life expectancies of building elements in establishing priorities.<br>***Status: Implemented/Resolved*** |
| 7 | That the Department develop indicators of the adequacy of the maintenance program, gather and analyze the requisite information, and develop and act on strategies to improve performance.<br>***Status: Implemented/Resolved*** |
| 8 | That the MHA implement a more structured and documented preventive maintenance program. Such a program should include checklists of preventive maintenance tasks by building component and schedules for each task.<br>***Status: Implemented/Resolved*** |
| 9 | That the MHA and the Department obtain, from housing projects with multiple floor structures, annual confirmations that comprehensive fire safety plans have been prepared or updated.<br>***Status: Work in Progress*** |
| 10 | That, on a cyclical basis, a sample of fire safety plans be assessed for adequacy.<br>***Status: Work in Progress*** |
| 11 | That staff responsible for fire safety be advised of their responsibilities and provided with appropriate training.<br>***Status: Work in Progress*** |

Web Version

| Representations from the Department of Housing and Community Development | |
|---|---|
| 13 | That MHA and the Department develop a database of the complete maintenance effort.<br><br>***Status: Implemented/Resolved*** |
| 18 | That MHA develop a more comprehensive and effective Quality Assurance Review process.<br><br>***Status: Implemented/Resolved*** |
| 20 | That the MHA monitor its performance regarding the length of time to place top, high, mid and low priority applicants. Based on this information, appropriate strategies should be enacted.<br><br>***Status: Do Not Intend to Implement***<br><br>*The Department advised that they do not monitor the length of time to place applicants. For high priority cases, applicants are placed as soon as an appropriate suite becomes available. For all other applicants, a point-rated system is used to create an eligibility list. The higher the rating, the higher on the list the applicants sit.* |
| 22 | That MHA require confirmation annually that district offices have updated their waiting lists.<br><br>***Status: Work in Progress*** |
| 23 | That the Department and the MHA develop coordinated and comprehensive action plans for projects with high levels of chronic vacancies.<br><br>***Status: Implemented/Resolved*** |
| 31 | That the quality assurance review process encompass collection practices, particularly in projects experiencing high arrears.<br><br>***Status: Work in Progress*** |
| 32 | That the Department update the Handbook for Sponsors.<br><br>***Status: Work in Progress*** |

Web Version

| Representations from the Department of Housing and Community Development | |
|---|---|
| 34 | That the Department develop a 3 to 5 year operational review plan that includes all sponsor-managed projects. We also recommend that the risk based approach and decisions be documented.<br><br>***Status: Implemented/Resolved***<br><br>*The Department advised that the schedule for operational reviews is set each quarter rather than for the next 3-5 years, however reviews are tracked to ensure that all sponsor-managed projects will be reviewed within the 5 year timeframe.* |
| 37 | That the review of audited financial statements of sponsor-managed projects be included in the budget preparation process.<br><br>***Status: Implemented/Resolved*** |

Web Version

# 18.0 Lions Club of Winnipeg Housing Centres

**Original issue date - March 2001**
**First follow-up issued - July 2005**
**Second follow-up issued - March 2009**

## Overall Status of Our Recommendations

The March 2001 report included 41 recommendations. As of our last follow-up report, only one recommendation remained outstanding.

In its June 30, 2009 progress report, Lions Club of Winnipeg Housing Centres (LCWHC) stated that the final recommendation will not be implemented.

| Status of Recommendations | | | | | | | |
|---|---|---|---|---|---|---|---|
| Total | | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| LCWHC | 31 | | | | | 1 | 30 |
| Department | 9 | | | | | | 9 |
| WRHA | 1 | | | | | | 1 |
| **Total** | **41** | | | | | **1** | **40** |

## Representations from Lions Club of Winnipeg Housing Centres

| | |
|---|---|
| 6 | That the Board develop an overall strategic plan for the organization that ensures a systematic approach to sustaining the properties, planning for future directions, and monitoring of organizational performance.<br><br>***Status: Do Not Intend to Implement***<br><br>*Management advised that rather than developing an overall strategic plan, strategic planning is proceeding on an entity-by-entity basis.* |

Web Version

# 19.0 Investigation of the Maintenance Branch of the Manitoba Housing Authority

**Original issue date - November 2004**
**First follow-up issued - March 2009**

## Overall Status of Our Recommendations

Our report from 2004 contained a total of 21 recommendations. As of our last follow-up, 11 recommendations remained in progress.

The Department of Housing and Community Development is reporting that as at June 30, 2009, two additional recommendations have been implemented/resolved, seven recommendations remain in progress, and action is no longer required for two recommendations. These two recommendations related to the Manitoba Housing Authority (MHA) Board, however MHA is in the process of being wound-up and merged with Manitoba Housing and Renewal Corporation.

| Status of Recommendations | | | | | | |
|---|---|---|---|---|---|---|
| Total | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| 21 | 2 | 7 | | 2 | | 10 |

## Representations from the Department of Housing and Community Development

| | |
|---|---|
| 1 | That the Department annually advise Treasury Board:<br>• Of the estimated level of expenditures noted for each of the next five years through the submission of the five-year plan in order to ensure that the housing stock is maintained in good and fair condition; and<br>• Of the major repairs that have been deferred because of funding limitations and the risks associated with deferring these major repairs.<br>***Status: Work in Progress*** |

Web Version



Return to Table of Contents

| Representations from the Department of Housing and Community Development | |
|---|---|
| 3 | That MHA undertake a review of the Maintenance Coordinator job description in order to assess the appropriateness of current staffing levels and workload distribution.<br><br>***Status: Implemented/Resolved*** |
| 8 | That MHA establish internal communication policies, where appropriate, to ensure that all concerns and issues identified to management are acted upon and the results are communicated to those concerned in a timely manner.<br><br>***Status: Work in Progress*** |
| 11 | That MHA review the current tendering process to establish an appropriate segregation of duties whereby no individual in any staff position is involved in more than one phase of the process.<br><br>***Status: Work in Progress*** |
| 12 | That MHA develop supplier service evaluation criteria and procedures to identify and assess vendors' qualifications and develop an approved listing of vendors. These policies should, at a minimum, include processes for verifying qualifications; monitoring contract performance; and, a documented process for the termination of contracts.<br><br>***Status: Work in Progress*** |
| 14 | That MHA implement a perpetual inventory system that would allow them to identify and monitor the ongoing purchase and disposition of office furniture, office equipment, project equipment and consumable goods.<br><br>***Status: Work in Progress*** |
| 15 | That MHA develop detailed rules for the input of data into the Maintenance Management System (MMS) along with system enhancements which direct the input of selections to accomplish consistent categorization of expenses. Proper categorization would allow management to receive accurate and consistent information on a timely basis.<br><br>***Status: Work in Progress*** |
| 16 | That MHA provide a comprehensive and ongoing training program for all MMS users.<br><br>***Status: Implemented/Resolved*** |

Web Version

| Representations from the Department of Housing and Community Development | |
|---|---|
| 19 | That the MHA review Board membership and revisit the concept of stakeholder representation on the Board.<br><br>***Status: Action No Longer Required***<br><br>*MHA is being wound-up and merged with the Manitoba Housing and Renewal Corporation. The Board of the MHA is the same Board as the MHRC until a merger has been finalized.* |
| 20 | That the MHA Board formally appoints a Corporate Secretary as required by By-Law #1.<br><br>***Status: Action No Longer Required*** |
| 21 | That considering the current needs of the aging MHA housing stock, we recommend that MHA make every effort to complete the implementation of the audit recommendations contained in the OAG report of December 2002 in a timely manner.<br><br>***Status: Work in Progress*** |

Web Version

# 20.0 Aiyawin Corporation: The Consequences of Mismanagement in a Shared Responsibility Framework

***Original issue date - March 2006***

## Overall Status of Our Recommendations

Our report on Aiyawin Corporation was released in March 2006. Manitoba Housing and Renewal Corporation now has an operating agreement with Dakota Ojibway First Nations Housing Authority Inc. to manage this housing portfolio.

Our report contained a total of 29 recommendations, of which 24 were addressed to either senior management or the boards of directors of Urban Native Housing Organizations. There are over 50 housing projects managed by 12 Urban Native Housing Organizations. As these recommendations would apply to all of these organizations, we did not follow-up on the status of their implementation. These recommendations have not been reproduced in this report, but may be found in Sections 9.1 and 9.2 of the *Aiyawin Corporation: The Consequences of Mismanagement in a Shared Responsibility Framework* report.

The five remaining recommendations were addressed to Manitoba Housing and Renewal Corporation (MHRC). MHRC reports that as of June 30, 2009 all five recommendations have been implemented/resolved. We are pleased that MHRC has fully resolved our concerns.

| Status of Recommendations | | | | | | |
|---|---|---|---|---|---|---|
| Total | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| 5 | 5 | | | | | |

## Representations from the Manitoba Housing and Renewal Corporation

| | |
|---|---|
| 25 | That MHRC develop a long term strategy to undertake regular physical inspections of the units within each housing portfolio.<br>***Status: Implemented/Resolved*** |

Web Version

| Representations from the Manitoba Housing and Renewal Corporation | |
|---|---|
| 26 | That MHRC staff maintain an ongoing dialogue with the organizations in order to better understand their operations and financial requirements and to deal with problems in a timely manner.<br><br>***Status: Implemented/Resolved*** |
| 27 | That MHRC ensure that a comprehensive monitoring function for subsidized social housing projects is appropriately designed and resourced.<br><br>***Status: Implemented/Resolved*** |
| 28 | That MHRC define the appropriate guidelines for its administrative staff to follow in the event that they become aware of issues of concern that may impact compliance with the operating agreements or MHRC informational requests. Appropriate guidelines would allow for a timely response to and resolution of these issues.<br><br>***Status: Implemented/Resolved*** |
| 29 | That in light of the observations contained in this report, MHRC establish a review process to determine whether there are any changes or additions that should be incorporated in future operating agreements with subsidized social housing organizations.<br><br>***Status: Implemented/Resolved*** |

Web Version



Return to Table of Contents

# Infrastructure and Transportation

Web Version

Return to Table of Contents

# 21.0 Department of Transportation and Government Services - Planning for Highway Construction, Rehabilitation and Maintenance

**Original issue date - Spring 1998**
**First follow-up issued - July 2005**
**Second follow-up issued - March 2009**

## Overall Status of Our Recommendations

Our 1998 report contained three recommendations. These recommendations required substantial improvements to the Department of Infrastructure and Transportation's planning, costing and follow-up processes. Fully implementing our recommendations will contribute towards ensuring the Department has the information and processes needed to maximize the effectiveness of decisions made.

The Department has advised that a strategic corporate planning project has been established within the Department. The Department expects that this project will ensure that information needed to support effective decision making for prioritizing and allocating resources is available. In addition, appropriate post-implementation data will be available to determine whether the desired benefits were achieved.

Given the substantial change in the Department's overall approach to planning and the significant amount of time that has passed since the date of issuance of our original report, we will no longer monitor these recommendations.

| Status of Recommendations | | | | | | |
|---|---|---|---|---|---|---|
| Total | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| 3 | | 3 | | | | |

Web Version

| Representations from the Department of Infrastructure and Transportation | |
|---|---|
| 1 | That the Department develop a comprehensive documented analysis of the relative emphasis of the various planning inputs (being highway needs, benefit/cost analysis and socio-economic factors for each project) to demonstrate the rationale for construction and rehabilitation project priorities.<br>***Status: Work in Progress*** |
| 2 | That the Department adopt a least lifetime cost methodology in determining rehabilitation and maintenance strategies, priorities and budgets.<br>***Status: Work in Progress*** |
| 3 | That the Department establish a process to conduct post-implementation reviews of a sample of completed construction and rehabilitation projects to determine whether anticipated benefits were achieved. The Department should use the results of these reviews to enhance the planning and delivery of future projects.<br>***Status: Work in Progress*** |

Web Version

# Innovation, Energy and Mines

Web Version

Return to Table of Contents

# 22.0 Information Technology Organization

**Original issue date - March 2004**
**First follow-up issued - March 2009**

## Overall Status of Our Recommendations

Our report contained a total of 5 recommendations. As of our previous follow-up report, two recommendations remained in progress.

The Department of Innovation, Energy and Mines reports that as at June 30, 2009 one additional recommendation was implemented.

We encourage the Department to accelerate resolution of the remaining recommendation.

| Status of Recommendations | | | | | | |
|---|---|---|---|---|---|---|
| Total | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| 5 | 1 | 1 | | | | 3 |

## Representations from the Department of Innovation, Energy and Mines

| | |
|---|---|
| 2 | That the Province consider adopting an IT governance framework, such as the Control Objectives for Information and Related Technology (COBIT) from the Information Systems Audit and Control Association Foundation (ISACAF) and the IT Governance Institute. Such a framework can complement an Information and Communication Technology (ICT) governance model of organization to be Implemented/Resolved. As well, CobiT can be used in conjunction with the IT Infrastructure Library approach to IT service management being promoted by the Office of Information Technology (OIT).<br><br>***Status: Implemented/Resolved***<br><br>*ICT has taken steps to implement pieces of COBIT in order to adopt an IT Governance framework. Adoption of COBIT as an IT Governance framework is a continuous process in creating and strengthening an IT governance model.* |

Web Version

| Representations from the Department of Innovation, Energy and Mines | |
|---|---|
| 4 | That the Province develop a performance measurement system for IT, with consideration given to recognized systems, such as the Balanced Business Scorecard.<br>***Status: Work in Progress*** |

Web Version

# 23.0 Computer Security Incident Response Capability

**Original issue date - March 2004**
**First follow-up issued - March 2009**

## Overall Status of Our Recommendations

Our original report contained a total of 7 recommendations. As of our previous follow-up report, five recommendations remained in progress.

The Department of Innovation, Energy and Mines reports that as at June 30, 2009 all five recommendations remained in progress. The Department has established a process that involves assessing, remediating and aggregating multiple servers, which includes security updates. The process is currently underway, but not yet complete.

| Status of Recommendations | | | | | | |
|---|---|---|---|---|---|---|
| Total | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| 7 | | 5 | | | | 2 |

| Representations from the Department of Innovation, Energy and Mines | |
|---|---|
| 1 | We recommend implementing arrangements to ensure that security updates are applied on a timely basis to computers.<br>***Status: Work in Progress*** |
| 2 | We recommend developing a technological infrastructure plan that specifies technology that is suitably matched with the strategic plan for information technology and deals with security concerns about using older computers and operating system software no longer supported by the developer.<br>***Status: Work in Progress*** |

Web Version

| Representations from the Department of Innovation, Energy and Mines | |
|---|---|
| 4 | We recommend developing a plan to ensure that computer system logging and monitoring of security relevant activities is performed appropriately. Such a plan should include having servers in Departments standardized to the extent practical to ensure efficient and effective system administration, including the logging and monitoring of security relevant activities. Also, the plan should include ensuring that adequate security related training is provided to Department staff members who administer their application servers.<br><br>***Status: Work in Progress*** |
| 5 | We recommend that activities, such as intrusion detection analysis, be reviewed to determine if they should be conducted not only during regular business hours, but during off hours.<br><br>***Status: Work in Progress*** |
| 6 | We recommend that the Risk Management Policy include specific requirements for risk assessments to be performed as part of strategic and business planning, as well as disaster recovery/business continuity plans to be developed with the involvement of all relevant groups.<br><br>***Status: Work in Progress*** |

Web Version

# Justice

Web Version

Return to Table of Contents

# 24.0 Department of Justice - Maintenance Enforcement Program

**Original issue date - Autumn 1997**
**First follow-up issued - February 2002**
**Second follow-up issued - July 2005**
**Third follow-up issued - March 2009**

## Overall Status of Our Recommendations

Our 1997 report included 18 recommendations. As of our previous follow-up report, eight recommendations were in progress.

The Department indicated that as at June 30, 2009 all eight of the remaining recommendations were still in progress as they are contingent upon the implementation of a new information technology system. The Department anticipates that the new information system will be completed in 2010 or 2011.

| Status of Recommendations | | | | | | |
|---|---|---|---|---|---|---|
| Total | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| 18 | | 8 | | | | 10 |

| Representations from the Department of Justice | |
|---|---|
| 2 | That management enhance data input processes to reduce the risk of undetected input errors.<br>***Status: Work in Progress*** |
| 4 | That enforcement officers review all orders in default, on a periodic basis, to determine what enforcement actions are required.<br>***Status: Work in Progress*** |
| 7 | That management review the enforcement action coding system to ensure its completeness, appropriateness, and ease of recording.<br>***Status: Work in Progress*** |
| 8 | That management enhance the Maintenance Enforcement information system by automating all enforcement actions.<br>***Status: Work in Progress*** |

Web Version

| Representations from the Department of Justice | |
|---|---|
| 9 | That management enhance the activity log update process to facilitate the entry of pertinent information.<br><br>***Status: Work in Progress*** |
| 10 | That management enhance the Maintenance Enforcement information system to automatically notify officers of variable order income reports that are due.<br><br>***Status: Work in Progress*** |
| 11 | Upon the development of measurable, results-oriented objectives, we recommend that management design and implement system enhancements that would provide management with meaningful performance information.<br><br>***Status: Work in Progress*** |
| 12 | That information to the Legislative Assembly include sufficient details about the planned and actual performance levels for key output and outcome measures.<br><br>***Status: Work in Progress*** |

Web Version



Return to Table of Contents

# 25.0 Department of Justice - The Fine Option Program

**Original issue date - March 2001**
**First follow-up issued - July 2005**
**Second follow-up issued - March 2009**

## Overall Status of Our Recommendations

Our report issued in March 2001 included seven recommendations. Our last follow-up reported that one recommendation was outstanding.

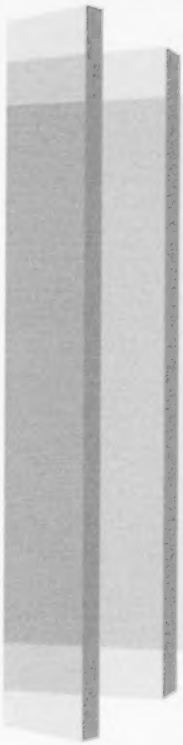
The Department indicated as of June 30, 2009 that the final recommendation was implemented. We are pleased that all of the recommendations have now been resolved.

| Status of Recommendations | | | | | | |
|---|---|---|---|---|---|---|
| Total | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| 7 | 1 | | | | | 6 |

## Representations from the Department of Justice

| | |
|---|---|
| 1 | That the Manager of the Fine Option Program develop a cyclical schedule for reviewing Community Resource Centers (CRCs) across the Province. CRCs with a new contact person should be reviewed within a year of when the contact person received their initial training. Less frequent reviews would be appropriate for CRCs with more experienced contact persons.<br>***Status: Implemented/Resolved*** |

Web Version



# Labour and Immigration

Web Version

Return to Table of Contents

# 26.0 Review of the Workers Compensation Board

**Original issue date - January 2006**

## Overall Status of Our Recommendations

Our review of the Workers Compensation Board (WCB) was released in January 2006. The report contained 75 recommendations, 9 addressed to the Province of Manitoba (Province) and 66 addressed to the WCB.

Several of the recommendations to the WCB dealt with private placement investments. In February 2007, the WCB decided that no further private placement opportunities would be sought. However, existing commitments would be funded, and the current portfolio would be managed and monitored so that the investments could be successfully exited when appropriate. The Statement of Investment Policies and Procedures (SIPO) was amended to reflect this change in investment strategy. Additionally, the SIPO was updated to allow for ongoing management and monitoring of the current private placement portfolio.

There are several recommendations in the report that were written in the context that the WCB would continue to seek new private placement investments. As a result of the WCB's change in investment strategy, there are several recommendations that no longer require action, and are reported as such in the table below.

The Province reports that as of June 30, 2009 all nine recommendations addressed to them have been implemented. As at June 30, 2009, the WCB reports that 46 of the 66 recommendations addressed to them have been implemented, 19 no longer require action and they do not intend to implement one recommendation.

| Status of Recommendations | | | | | | | |
|---|---|---|---|---|---|---|---|
| Total | | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| Province | 9 | 9 | | | | | |
| WCB | 66 | 46 | | | 19 | 1 | |
| Total | 75 | 55 | | | 19 | 1 | |

Web Version

| Representations from the Province of Manitoba | |
|---|---|
| 1a | That consideration be given to:<br>The amendment of *The Auditor General Act* to extend Section 15(2) No Obstruction and the related Offence Section 15(3) to all audits conducted by the Auditor General;<br>***Status: Implemented/Resolved*** |
| 1b | That consideration be given to:<br>The development of whistle-blowing legislation to protect employees of public sector organizations from retaliation for raising concerns or reporting wrong-doings of an organization's Senior Officers, its Board of Directors, or its employees;<br>***Status: Implemented/Resolved*** |
| 1c | That consideration be given to:<br>The development and implementation of guidelines to be used by Ministers on how to address governance and conflict of interest concerns of public sector organizations for which they are responsible; and<br>***Status: Implemented/Resolved*** |
| 1d | That consideration be given to:<br>The provision of an annual report of the total compensation paid to Order-in-Council appointed Board Chairs be provided to the appropriate Ministers, to ensure amounts are consistent with the rates and intent of the Orders-in-Council.<br>***Status: Implemented/Resolved*** |
| 2 | That the nomination solicitation process for the WCB Board and the subsequent appointment process be reviewed in order to ensure that the processes are fair to all stakeholders, and are conducted in an open and transparent manner. Each stakeholder group should provide the Minister with a slate of names, thus allowing the Minister the flexibility to select among a number of qualified candidates.<br>***Status: Implemented/Resolved*** |

Web Version



Return to Table of Contents

| Representations from the Province of Manitoba | |
|---|---|
| 3 | That the appointment of members to the WCB Board be based on ensuring a diverse mix of skills exist on the Board, including financial expertise, investment experience, business acumen and senior management experience, as well as knowledge of compensation issues. A matrix of desired skills and competencies for the WCB Board should be developed by the WCB, to be utilized by all stakeholders in their consideration for selecting their nominations to the Board. The Province should then strive to select public interest representatives with the skills and competencies that are not fulfilled by the employer and worker representatives.<br><br>***Status: Implemented/Resolved*** |
| 4 | That the Minister strive to appoint worker representatives to the Board that do not act in professional capacities as worker advocates, in order to ensure no conflict of interest issues arise between their dual role as Board member and as advocate. Stakeholder groups submitting nominations for these Board members should also consider this conflict and submit for consideration the names of individuals who do not have a day-to-day relationship with the WCB.<br><br>***Status: Implemented/Resolved*** |
| 5 | That term limits for WCB Board members be established, in order to ensure continual renewal of the Board. Term limits should also be applied to the Chair position.<br><br>***Status: Implemented/Resolved*** |
| 6 | That the legislative requirement that the Deputy Minister of Finance serve on the WCB's Investment Committee be reviewed. Whenever a senior government official is a member of a Board or Board Committee, it raises issues as to the role and fiduciary responsibilities of that individual and whether there should be, or there is expected to be, reporting back to the Province from a monitoring perspective.<br><br>***Status: Implemented/Resolved*** |

Web Version

| Representations from the Workers Compensation Board | |
|---|---|
| 7a | That the structure and activities of each Board Committee be reviewed to ensure each is functioning at the appropriate governance level, and providing value-added examination of information to enhance the Board's decision making.<br><br>***Status: Implemented/Resolved*** |
| 7b | That the practice of the Board Chair serving as Chair of all Committees, be reviewed and reconsidered, especially with respect to an Audit Committee or Finance Committee.<br><br>***Status: Implemented/Resolved*** |
| 7c | That the role of the Policy Committee with respect to human resource matters be reviewed and clarified. The Policy Committee could designate specific meetings, perhaps quarterly, to deal with human resource related matters, such as ensuring that fair and equitable human resource policies are in place and are followed by the organization, as well as reviewing complaints related to human resource matters and human resource-related statistics such as turnover rates, cost of buyouts, etc. Alternatively, a separate ad hoc Human Resource Committee could be established to meet on a quarterly basis. Further, an ad hoc Committee could be formed for a short time period each year to deal with the CEO evaluation process, or established when necessary for hiring a CEO.<br><br>***Status: Implemented/Resolved*** |
| 7d | That a separate, stand-alone Audit Committee be established and meet at a minimum of quarterly. It would be responsible for overseeing the integrity of the financial reporting process, developing an effective relationship with and directing the scope of external and internal audits, and ensuring compliance with all laws, regulations and internal policies. All members of the Audit Committee should have financial literacy skills. If required, consideration could be given to including non-Board members on the Audit Committee, in either voting or non-voting capacities, to provide financial knowledge or expertise.<br><br>***Status: Implemented/Resolved*** |
| 7e | That the mandate of the Service Committee be reviewed as to the need for a separate Committee to meet on such a frequent basis. Activities could be reallocated to other Committees or in the case of provision of updates and statistical information, this could just be provided to the Board as a whole.<br><br>***Status: Implemented/Resolved*** |

Web Version

| Representations from the Workers Compensation Board | |
|---|---|
| 7f | That the Board consider establishing Committees on an as-needed basis, to deal with specific items of strategic importance to the Board, which may change as the organization's needs change.<br><br>***Status: Implemented/Resolved*** |
| 7g | That the Board and Committee meeting schedule be revisited, as not all Committees may need to meet monthly; quarterly or biannual meetings may be more appropriate for some Committees.<br><br>***Status: Implemented/Resolved*** |
| 8 | That WCB develop a matrix of desired skills and competencies for Board members to be provided to the Minister as information to assist in the appointment process. This matrix could also be provided to all stakeholder groups in order to assist them in their consideration and selection of individuals for nomination. The matrix should be reviewed and updated on a regular basis to ensure the desired skills and competencies continue to meet the evolving needs of the WCB. Some key areas of governance competency to consider include risk management, financial management, investment expertise, human resources, business acumen, and senior management experience.<br><br>***Status: Implemented/Resolved*** |
| 9 | That WCB develop a formal board orientation process to be provided to all new Board members, to ensure that they all have a common understanding of the organization, its strategic direction, risk management issues, and the Board members' responsibility for oversight and monitoring.<br><br>***Status: Implemented/Resolved*** |
| 10 | That WCB update its governance manual to ensure it reflects current practices and procedures and assist in ensuring that Board members are clear in their understanding of their stewardship, leadership, responsibility and accountability requirements.<br><br>***Status: Implemented/Resolved*** |
| 11 | That periodic training opportunities be provided to Board members in areas that would enhance overall governance, such as finance, risk management, audit committee functioning, and investment management.<br><br>***Status: Implemented/Resolved*** |
| 12 | That the conflict of interest policy be reviewed on an annual basis, and that Board members sign a declaration of conflict form each year.<br><br>***Status: Implemented/Resolved*** |

Web Version

| Representations from the Workers Compensation Board | |
|---|---|
| 13 | That the Board conduct formal evaluations of their governance effectiveness and performance on a regular basis.<br>***Status: Implemented/Resolved*** |
| 14 | That the practice of allocating $1 million in grants under its Community Initiatives and Research Program be reviewed to ensure a documented rationale exists for the practice and on what basis the annual amount is determined. The work of the Board and/or Committee should be to set the governance direction, rationale and criteria for the approval process. While final approval remains with the Board, WCB staff can review and analyze the proposals, providing the Board with prioritized recommendations based on their approved criteria.<br>***Status: Implemented/Resolved*** |
| 15 | That the Investment Committee report and be accountable to the WCB Board, and provide regular reporting to the Board.<br>***Status: Implemented/Resolved*** |
| 16 | That a majority of the members of the Investment Committee be chosen for their investment and/or investing experience and expertise in the key areas in which the WCB invests.<br>***Status: Implemented/Resolved*** |
| 17 | That the Investment Committee regularly assess its effectiveness, with a view to ensuring that the performance of the Committee accords with best practices.<br>***Status: Implemented/Resolved*** |
| 18 | That Advisors to the Investment Committee be chosen carefully against well defined minimum qualifications, and with at least one Advisor experienced in institutional private placement investing in order to add value to the investment process.<br>***Status: Implemented/Resolved*** |
| 19 | That the number of members on the Investment Committee be increased in order to function in accordance with best practices in terms of providing governance and guidance to the Investment Department.<br>***Status: Implemented/Resolved*** |
| 20 | That a Chair's compensation be in accordance with the remuneration rate set by the Order-in-Council appointing the Chair.<br>***Status: Implemented/Resolved*** |

Web Version

| Representations from the Workers Compensation Board | |
|---|---|
| 21 | That a Chair's per diem claims be documented on a form similar to the fee reimbursement request form, used by the other Board members, to properly document the meeting dates being claimed, the nature of the meeting, and the duration of meetings attended.<br>***Status: Implemented/Resolved*** |
| 22 | That a Chair's per diem and expense claims, and corporate credit card transactions, be forwarded to the Finance Committee of the Board (assuming that the Chair is not the Chair of the Finance Committee) for review and approval.<br>***Status: Implemented/Resolved*** |
| 23 | That a Chair's expense account claims and corporate credit card statements are supported by original receipts and that the purpose of the Chair's travel is clearly documented in all instances.<br>***Status: Implemented/Resolved*** |
| 24 | That additional attention be given to ensuring all Board member expenses are supported by original receipts.<br>***Status: Implemented/Resolved*** |
| 25a | That the WCB undertake a planned process to enhance their corporate climate to ensure that WCB has a respectful work environment that fosters trust, fairness and an open exchange of ideas and open communication. This includes:<br>That the Harassment Protocol and the Investigations Protocol be updated to provide guidance to managers in fulfilling their responsibility for ensuring a harassment-free environment, while maintaining the ability for individuals to pursue complaints. Once these changes are in place, these policies should be renamed to reflect a proactive approach to creating a respectful workplace;<br>***Status: Implemented/Resolved*** |

Web Version

| Representations from the Workers Compensation Board | |
|---|---|
| 25b | That the WCB undertake a planned process to enhance their corporate climate to ensure that WCB has a respectful work environment that fosters trust, fairness and an open exchange of ideas and open communication. This includes:<br>That a comprehensive Human Resource Policy and Procedures Manual be developed which is accessible to all staff and which clearly indicates that all managers are responsible to monitor activities to ensure consistent application of the human resource policies; and<br>***Status: Implemented/Resolved*** |
| 25c | That the WCB undertake a planned process to enhance their corporate climate to ensure that WCB has a respectful work environment that fosters trust, fairness and an open exchange of ideas and open communication. This includes:<br>That WCB develop human resource policies for its Board of Directors. These policies should include a mechanism for addressing disrespectful behaviour by any Board member and should clearly stipulate that functions hosted by the organization, during or after regular working hours, on or off site, are typically considered work related and as such fall under the purview of the human resource policies. Further, the human resource policies developed for the Board of Directors should outline the parameters of the Chair and Board members' involvement in day-to-day personnel matters of WCB.<br>***Status: Implemented/Resolved*** |
| 26a | That WCB develop a Comprehensive Investment Strategy for the private placement investment program which considers:<br>A breakdown of WCB's returns from its private placement investments, including an analysis of where they have been successful, unsuccessful and the lessons learned;<br>***Status: Action No Longer Required*** |
| 26b | That WCB develop a Comprehensive Investment Strategy for the private placement investment program which considers:<br>A situational analysis including a description of the private placement market in and outside of Manitoba, and WCB's market positioning (funds seeking capital, sources of quality deal flow, competitors, financial institutions and other possible co-investors);<br>***Status: Action No Longer Required*** |

Web Version



Return to Table of Contents

| Representations from the Workers Compensation Board | |
|---|---|
| 26c | That WCB develop a Comprehensive Investment Strategy for the private placement investment program which considers:<br>As a benchmark, historical venture capital and private equity returns in Canada, and separately in the United States;<br>***Status: Action No Longer Required*** |
| 26d | That WCB develop a Comprehensive Investment Strategy for the private placement investment program which considers:<br>Realistic return on investment objectives for Manitoba-based investments opposite return results for the rest of the venture capital and private equity industry;<br>***Status: Action No Longer Required*** |
| 26e | That WCB develop a Comprehensive Investment Strategy for the private placement investment program which considers:<br>Human resource considerations such as in-house expertise and experience, and resources available to WCB on an outsourced basis both inside and outside of Manitoba;<br>***Status: Action No Longer Required*** |
| 26f | That WCB develop a Comprehensive Investment Strategy for the private placement investment program which considers:<br>How the private placements portfolio is to be constructed and how it is expected to look at future points in time, including in terms of balance and diversification;<br>***Status: Action No Longer Required*** |
| 26g | That WCB develop a Comprehensive Investment Strategy for the private placement investment program which considers:<br>Discrete and realistic investment targets, including timing, for private placement and real estate investments including a clear and definitive allocation of capital, thereto; and<br>***Status: Action No Longer Required*** |
| 26h | That WCB develop a Comprehensive Investment Strategy for the private placement investment program which considers:<br>What WCB is and is not looking for in terms of private placements including individual investment size, industry sectors, stages of development, location, control positions (versus significant influence), the optimum number of investments in the portfolio, etc.<br>***Status: Action No Longer Required*** |

Web Version

| Representations from the Workers Compensation Board | |
|---|---|
| 27a | That the SIPO document be improved by:<br>Formulating WCB's private placements vision, comprehensive investment strategy and tactics to be undertaken to realize that vision;<br>***Status: Action No Longer Required*** |
| 27b | That the SIPO document be improved by:<br>Developing an appropriate "investment processes and procedures" addendum;<br>***Status: Action No Longer Required*** |
| 27c | That the SIPO document be improved by:<br>Revising Appendix II "Underwriting Criteria for Venture Capital" so that it is a comprehensive and complete template with regard to investing in institutional private placement investments;<br>***Status: Action No Longer Required*** |
| 27d | That the SIPO document be improved by:<br>Creating a frame-of-reference for assertions as to expectations for return on investment such as the CVCA's return statistics;<br>***Status: Action No Longer Required*** |
| 27e | That the SIPO document be improved by:<br>Modifying definitions used in the SIPO document, such as "private placements" and "institutional investor", to conform with those used by the Canadian venture capital and private equity industry; and<br>***Status: Action No Longer Required*** |
| 27f | That the SIPO document be improved by:<br>Clarifying the nature and objective of private placement investments in Manitoba, as now described under "the fourth investment belief".<br>***Status: Action No Longer Required*** |
| 28 | That as part of portfolio construction, and within a coherent investment strategy, consideration be given to allocating private placement investment to high quality institutional investment opportunities located outside of Manitoba, as well as within Manitoba.<br>***Status: Action No Longer Required*** |

Web Version



Return to Table of Contents

| Representations from the Workers Compensation Board | |
|---|---|
| 29 | That Investment Committee Agendas become stand-alone documents containing a reasonable amount of the information necessary to support private placement investment recommendations.<br>***Status: Action No Longer Required*** |
| 30 | That the Investment Department improve due diligence performed in support of each investment recommendation, and that evidence of that work be maintained in their files.<br>***Status: Action No Longer Required*** |
| 31 | That a closing memo be prepared each time a private placement investment is booked, including when another round of financing is done, and be automatically provided to the Investment Committee for their edification.<br>***Status: Action No Longer Required*** |
| 32 | That, on a quarterly basis, and in accordance with the SIPO document, the Investment Department provides the Investment Committee with a fulsome report regarding the progress, status and performance of private placement investments.<br>***Status: Implemented/Resolved*** |
| 33 | That realized and unrealized gains and losses for individual private placement investments, and for the portfolio taken as a whole, be presented to the Investment Committee regularly for performance measurement purposes.<br>***Status: Implemented/Resolved*** |
| 34 | That as an integral part of an addendum to the SIPO document, minimum documentation requirements for what should be maintained in each private placement investment's current monitoring files be developed.<br>***Status: Implemented/Resolved*** |
| 35 | That when the requirements of the SIPO document are not followed, that the exceptions be documented by the Investment Department (for the files) and the Investment Committee (in the minutes).<br>***Status: Implemented/Resolved*** |
| 36 | That the Finance and Investment Departments convert from their Discounted Cash Flow performance measuring stick to the Internal Rate of Return industry standard.<br>***Status: Implemented/Resolved*** |

Web Version

| Representations from the Workers Compensation Board | |
|---|---|
| 37 | That the $2.0 million deemed carrying value be supported with a formal valuation report prepared by a valuation expert once the operating performance of the investment can be assessed.<br><br>***Status: Implemented/Resolved*** |
| 38 | That the CIO position is filled as soon as possible with someone with significant investment experience.<br><br>***Status: Do Not Intend To Implement***<br><br>*Management advised that based on the WCB's current portfolio composition, internal investment expertise, advice sought by a consultant, and its decision to not seek further private placement investments, it was deemed unnecessary to fill the CIO position.* |
| 39 | That the CIO prepares a job description for the Director, Investments.<br><br>***Status: Implemented/Resolved*** |
| 40 | That the CIO includes private placements and real estate investing training activities in the Investment Department training budget.<br><br>***Status: Implemented/Resolved*** |
| 41 | That the CIO and/or the Director, Investments consider the benefits of joining and participating in either or both of the Canadian Venture Capital Association (CVCA) and the Institutional Limited Partners Association (ILPA), as an opportunity to participate in their conferences and training sessions, and take advantage of opportunities to establish good industry contacts and learn industry best practices.<br><br>***Status: Action No Longer Required*** |
| 42 | That the Investment Committee and its Advisors make their responsibility of "generating the highest possible return" the primary consideration in approving private placement investments.<br><br>***Status: Implemented/Resolved*** |
| 43 | That the Investment Department actively respond to significant private placement reporting deficiencies, and that such shortfalls be reported to the Investment Committee on a timely basis.<br><br>***Status: Implemented/Resolved*** |

Web Version

| Representations from the Workers Compensation Board | |
|---|---|
| 44 | That the Investment Committee follow-up on private placement investments that are experiencing difficulties either through instructions to the Investment Department, or by employing outside advisors on a special project basis.<br><br>***Status: Implemented/Resolved*** |
| 45 | That investment opportunities, only be formally brought before the Committee by its Chair and the CIO as an Agenda item after an investment is properly structured, and when most of the major investment issues have been appropriately resolved by the Investment Department.<br><br>***Status: Implemented/Resolved*** |
| 46 | That the WCB principally focus on encouraging the presentation of investment opportunities to the Investment Committee that are consistent with the Investment Committee Mandate in the SIPO document to "generate the highest possible return".<br><br>***Status: Implemented/Resolved*** |
| 47 | That either the R/E Consultant prepare quarterly and closing reports in accordance with his Agreement or that the Agreement be amended to reflect what the Investment Committee and Department require.<br><br>***Status: Implemented/Resolved*** |
| 48 | That the R/E Consultant provide more detail regarding the Winnipeg based real estate investments in his reporting to WCB.<br><br>***Status: Implemented/Resolved*** |
| 49 | That in all WCB investment matters, conflict of interest situations be avoided.<br><br>***Status: Implemented/Resolved*** |
| 50 | That conflict of interest situations result in a quarterly certification by each person involved in the private placements investment process, and that the conflict of interest certifications require a declaration that no conflict of interest exists, or that conflicts do exist as detailed in the declaration. These conflict of interest certifications should be made available to all members of the Board of Directors and Investment Committee for comment and follow-up, as may be required.<br><br>***Status: Implemented/Resolved*** |

Web Version

| Representations from the Workers Compensation Board | |
|---|---|
| 51 | That investment projects that serve another objective, such as helping a separate party such as an investment fund with its own business objective of generating additional income through gathering and managing pools of institutional capital (particularly when one considers the existing conflicts of interest), be avoided.<br><br>***Status: Implemented/Resolved*** |
| 52 | That investments that have to be structured and documented for legal purposes in an unusually complex manner, in order to overcome built-in difficulties (such as conflict of interest, and terms and conditions that clearly favour one party over the other), be avoided.<br><br>***Status: Implemented/Resolved*** |

Web Version

# Local Government

Web Version

Return to Table of Contents

# 27.0 Investigation of the Rural Municipality of St. Clements

**Original issue date - September 2002**
**First follow-up issued - March 2009**

## Overall Status of Our Recommendations

Our September 2002 report contained a total of 12 recommendations. Eleven of these recommendations were addressed to the Rural Municipality of St. Clements (RM) and one recommendation was addressed to the Department.

As of our last follow-up report, three recommendations relating to the RM remained in progress.

The RM has indicated that as of June 30, 2009, two recommendations were implemented, and one remains in progress.

| Status of Recommendations | | | | | | | |
|---|---|---|---|---|---|---|---|
| Total | | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| RM | 11 | 2 | 1 | | | | 8 |
| Department | 1 | | | | | | 1 |
| Total | 12 | 2 | 1 | | | | 9 |

## Representations from the Rural Municipality of St. Clements

| | |
|---|---|
| 2 | That the RM significantly improve its overall monthly and annual financial budgeting, accounting, reporting, and disclosure practices.<br>***Status: Implemented/Resolved*** |
| 5 | That the RM develop policies and procedures for the recording of capital assets, undertake a detailed review of the capital asset general ledger accounts, and establish capital asset listings to document the assets currently held by the RM.<br>***Status: Implemented/Resolved*** |
| 7 | That the RM establish a tendering policy that is applied consistently for significant purchases of goods and services.<br>***Status: Work in Progress*** |

Web Version

# 28.0 Review of Municipal Financial Accounting and Reporting Standards in Manitoba

**Original issue date - September 2002**
**First follow-up issued - March 2004**
**Second follow-up issued - March 2009**

## Overall Status of Our Recommendations

Our report included one recommendation for the Department of Local Government around the preparation of municipal financial statements. As of June 30, 2009, the Department indicated that for the year ended December 31, 2009, each of the financial statements for the municipalities is expected to be prepared in accordance with public sector accounting standards.

| Status of Recommendations | | | | | | |
|---|---|---|---|---|---|---|
| Total | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| 1 | | 1 | | | | |

## Representations from the Department of Local Government

1 That the Department of Intergovernmental Affairs consider what role it can undertake in encouraging financial statements of municipalities to be prepared in accordance with the PSAB recommendations of the Canadian Institute of Chartered Accountants, which in turn would have municipalities preparing annual audited financial statements in compliance with Section 183(1) of *The Municipal Act*.

This could involve discussions with the Institute of Chartered Accountants of Manitoba (ICAM), the Association of Manitoba Municipalities (AMM), and the Manitoba Municipal Administrators' Association (MMAA) to develop a time table for adopting generally accepted accounting principles over a short period of time; eliminating the prescribed form in favour of a general requirement for financial statements to be prepared in accordance with PSAB; invitation of PSAB representatives to conduct training in Manitoba; discussions with the ICAM to inform the professions of changes;

Web Version



Return to Table of Contents

## Representations from the Department of Local Government

and having municipalities discuss with their external auditors a timetable for adopting generally accepted accounting principles as soon as possible so that they can move into compliance with *The Municipal Act*.

The Department could prescribe a standard audit opinion that states that financial statements are *"in accordance with recommendations made by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants"*.

***Status: Work in Progress***

Web Version

# Water Stewardship

Web Version

Return to Table of Contents

# 29.0 The Protection of Well Water Quality in Manitoba

**Original issue date - November 2005**
**First follow-up issued - March 2009**

## Overall Status of Our Recommendations

Our report from 2005 contained a total of 41 recommendations. As of our last follow-up report, 28 recommendations remained outstanding.

In its June 30, 2009 progress report, the Department of Water Stewardship reports that six additional recommendations are now implemented/resolved and the remaining 22 recommendations are still in progress.

While the Department has implemented nearly half of our recommendations, we encourage management to accelerate resolution of the remaining recommendations.

| Status of Recommendations | | | | | | |
|---|---|---|---|---|---|---|
| Total | Implemented/ Resolved | Work in Progress | No Progress to Date But Plan to Take Action | Action No Longer Required | Do Not Intend to Implement | Follow-up Previously Completed |
| 41 | 6 | 22 | | | | 13 |

## Representations from the Department of Water Stewardship

| | |
|---|---|
| 1 | That the Province review and finalize its water quality standards, objectives, and guidelines, as per the latest November 22, 2002 draft document on a priority basis. As well, that the Province draft related regulations regarding private system sampling and analysis. These actions, in turn, may then facilitate the proclamation of Section 3 of *The Drinking Water Safety Act and The Water Protection Act* and communicate an understanding of standards for water quality that all citizens should be aware of regarding their source of drinking water.<br>***Status: Work in Progress*** |

Web Version



Return to Table of Contents

| Representations from the Department of Water Stewardship | |
|---|---|
| 4 | That the Province introduce a requirement for all persons to submit a report on well drilling activities regardless of the ownership of the equipment used.<br><br>***Status: Work in Progress*** |
| 5 | That the Department develop a broad, periodic communication program targeting private water system owners to ensure they are knowledgeable of risks to water quality in Manitoba. The communications should stress the need to regularly test their well water and the nature of the tests needed.<br><br>***Status: Implemented/Resolved*** |
| 6 | That the Department, in consultation with the Office of the Chief Medical Officer of Health, develop a protocol for communication to private well owners of existing events of contamination (bacterial, nitrate, metals, chemical).<br><br>***Status: Work in Progress*** |
| 7 | That the Department, in consultation with the Office of the Chief Medical Officer of Health, assess how best to respond to nitrate testing results and the identification of high concentrations of naturally occurring chemicals in certain areas.<br><br>***Status: Implemented/Resolved*** |
| 8 | That the Department provide the Members of the Legislative Assembly with a written update of the status of the recommendations contained in the Drinking Water Advisory Committee report.<br><br>***Status: Work in Progress*** |
| 9 | That the Department develop an operating manual for the Bacteriological Water Testing Subsidy Program.<br><br>***Status: Work in Progress*** |
| 12 | That the Department document the evaluation of bids in future contract offerings.<br><br>***Status: Implemented/Resolved*** |

Web Version

| Representations from the Department of Water Stewardship | |
|---|---|
| 13 | That the Department, with the assistance of Civil Legal Services, clarify the terms and conditions included in its standard contracts and requests for quotations. The Department should also clarify its information requirements needed from sample submitters and laboratories so that consistent well location information is obtained with each sample.<br>***Status: Work in Progress*** |
| 14 | That the Department develop and implement appropriate monitoring procedures to ensure laboratories comply with contract requirements and performance expectations.<br>***Status: Work in Progress*** |
| 15 | That the Department implement a database of private well testing results suitable for pattern surveillance purposes.<br>***Status: Implemented/Resolved*** |
| 16 | That the Department develop a responsibility and action protocol document in consultation with all key stakeholders.<br>***Status: Work in Progress*** |
| 17 | That the Department document investigation protocols.<br>***Status: Work in Progress*** |
| 18 | That the Department coordinate with Department of Health officials and develop content and format requirements for boil water advisories.<br>***Status: Implemented/Resolved*** |
| 19 | That the Department, in consultation with well drillers and other stakeholders, review licensing certification and insurance requirements of well drillers, pump installers and other servicing technicians. We further recommend that licensing criteria be included in the regulations to *The Ground Water and Water Well Act.*<br>***Status: Work in Progress*** |
| 21 | That the Department review its current licensing process and develop the policies and procedures that are found necessary to improve the process.<br>***Status: Work in Progress*** |
| 22 | That the Department review the requirement of providing and contacting references as part of its overall review of the current licensing process.<br>***Status: Work in Progress*** |

Web Version

| Representations from the Department of Water Stewardship | |
|---|---|
| 23 | That the Department conduct the licence renewal process before the end of the calendar years.<br><br>***Status: Work in Progress*** |
| 25 | That the Department, in consultation with well drillers and other stakeholders, develop appropriate standards for the drilling construction and sealing of water wells and incorporate these standards in legislation.<br><br>***Status: Work in Progress*** |
| 28 | That the driller's reports include a standard certification by the well drillers as to compliance with applicable legislation and truthfulness of the data submitted.<br><br>***Status: Work in Progress*** |
| 29 | That the Department, in consultation with well drillers, pursue an amendment to the legislation to implement a reasonable and enforceable timeline for the filing of well driller's reports. In the interim, that the Department take reasonable steps to enforce the existing Regulation.<br><br>***Status: Work in Progress*** |
| 30 | That the Department ensure the timely recording of driller's reports in the water well database.<br><br>***Status: Implemented/Resolved*** |
| 31 | That, once appropriate well drilling and construction standards are in place, the Department review and analyze drillers' reports in sufficient detail to determine whether those standards have been met and direct remedial action where necessary.<br><br>***Status: Work in Progress*** |
| 32 | That the Department review the requirements related to the pumping test, including the type of data collected and reported in the driller's report.<br><br>***Status: Work in Progress*** |
| 33 | That the Department proceed to incorporate in a Regulation appropriate requirements for the completion and submission of abandoned well reports.<br><br>***Status: Work in Progress*** |

Web Version

| Representations from the Department of Water Stewardship | |
|---|---|
| 34 | That once appropriate well sealing standards are in place, the Department review and analyze abandoned well reports in sufficient detail to determine whether those standards have been met and direct remedial action where necessary.<br>***Status: Work in Progress*** |
| 36 | That the Department develop a multi-year, comprehensive inspection plan.<br>***Status: Work in Progress*** |
| 37 | That the Department develop an annual summary of the key findings from its well inspections, including a discussion of better practices that could have prevented the problem, and that the document be shared with all well drillers.<br>***Status: Work in Progress*** |

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